

## PROPOSED

### FORM OF LETTER OF CREDIT

[name of issuing bank]

#### IRREVOCABLE LETTER OF CREDIT

[date]      Credit No. \_\_\_\_\_      Stated Amount: \_\_\_\_\_

City of San Antonio, Texas  
c/o Finance Department  
506 Dolorosa  
San Antonio, Texas 78204

Gentlemen:

Effective immediately and expiring on the (1<sup>st</sup>) day of October of the next succeeding calendar year (or such earlier date as specified herein), you, in the capacity of "City" under the Development Agreement dated as of \_\_\_\_\_, 2002, between Cibolo Canyon Observation and Improvement District No. I and Lumbermen's Investment Corporation and you, are hereby irrevocably authorized to draw on \_\_\_\_\_ ("Bank") Irrevocable Letter of Credit No. \_\_\_\_\_, for the account of Lumbermen's Investment Corporation (the "Developer"), available by your drafts at sight upon the terms and conditions hereinafter set forth, an amount or amounts up to and including, but not exceeding, the full stated amount hereof. The "Stated Amount" of this Letter of Credit is the amount identified as such hereinabove.

Funds under this Letter of Credit are available to you, in one or more drawings, against presentation of your sight draft(s) drawn on us, stating on their face:

"Drawn under \_\_\_\_\_ [name of Bank] \_\_\_\_\_ Irrevocable Letter of Credit No. \_\_\_\_\_" and stating the amount so drawn.

Presentation of such draft(s) shall be made at any of Bank's locations which are open to the public for banking transactions and shall be presented by \_\_\_\_\_ (title of person or persons authorized by City to present sight drafts). We hereby agree that each draft drawn under the terms of this Letter of Credit will be honored by us if presented as specified on or before the expiration date hereof. If a drawing is made by you hereunder at or prior to 11:00 A.M., New York time, on a day *other than* a Saturday, Sunday or day when banks are authorized to be closed under the laws of the States of New York, California, North Carolina or Texas, (a "Business Day"), payment

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October 1, \_\_\_\_\_  
In favor of The City of San Antonio, Texas

shall be made to you or your designee, of the amount so drawn, in immediately available funds, not later than 12:00 A.M., New York time, on the next Business Day following such presentation. If requested by you, payment under this Letter of Credit will be made by deposit of immediately available funds into a designated account that you maintain with us.

Payments made under this Letter of Credit will be made solely from Bank's own funds and not from any other source. If a demand for payment made by you hereunder does not, in any instance, conform with the terms and conditions required of this Letter of Credit, we will give you immediate notice that the purported demand was not effected in accordance with the terms of this Letter of Credit, stating the reasons therefor. Upon being notified that the purported demand was not effected in accordance with this Letter of Credit, you may attempt to correct any such non-conforming demand for payment.

Drawings in respect of payments hereunder honored by us shall not exceed the Stated Amount. Each drawing honored by Bank hereunder shall *pro tanto* reduce the amount available under this Letter of Credit by the amount of the drawing.

Only you may make a drawing under this Letter of Credit. Upon the payment to you or to your designee of the amount specified in any sight draft drawn hereunder, we shall be fully discharged of our obligation under this Letter of Credit with respect to such sight draft and we shall not thereafter be obligated to make any further payments under this Letter of Credit in respect of such sight draft to you or any other person.

Upon the earlier of (i) October 1<sup>st</sup> of the next succeeding calendar year following the date shown on the first page of this Letter of Credit or (ii) full payment of the Stated Amount available to be drawn hereunder, this Letter of Credit shall automatically terminate and you shall thereupon forthwith deliver it to us for cancellation.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce, Publication No. 500 (the "Uniform Customs"). This Letter of Credit shall be deemed to be made under the laws of the State of Texas, and shall, as to matters not governed by the Uniform Customs, be governed by and construed in accordance with the laws of the State of Texas.

All notices and communications to Bank in respect of this Letter of Credit shall be in writing and addressed to Bank at the following address (or at such other address as we may, from time to time, notify you in writing):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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October 1, \_\_\_\_\_  
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Such notices and other communications may be telecopied to us, personally delivered to us, or may be sent by United States certified mail, return receipt requested, or by nationally recognized overnight delivery service.

This Letter of Credit sets forth in full our undertaking, and such undertaking will not in any way be modified, amended, amplified or limited by reference to any document, instrument, or agreement referred to herein (including, without limitation, the Development Agreement), and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement.

[signature and seal of Bank]